GANDER DEVELOPMENT CORPORATION

ANNUAL REPORT

FISCAL YEAR 1979-1980

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1. The Gander Development Corporation

1.1 Introduction:

The Gander Development Corporation, a Provincial Crown Corporation, was established in 1975 to try and alleviate underutilization of Gander International Airport. This underutilization was a direct result of the non-competitive price of aviation fuel at Gander, and was compounded by the fact that jet aircraft with a large fuel capacity were no longer dependent on having to stopover at Gander during trans-atlantic crossings.

1.2 Gander Development Corporation Objectives:

Specifically, the objectives as stated in the Gander Development Corporation Act, 1975 are:

(1) To promote and assist in the industrial development of the Town of Gander and the surrounding area in relation to Gander International Airport.

(2) To promote use of and assist in the development and expansion of the services and facilities at Gander International Airport; and

(3) To purchase, transport, store, handle, sell, supply and deal in aviation fuel for Gander International Airport.

The main emphasis for the Gander Development Corporation remains air related. However, the role of the Corporation has broadened to permit the staff to become involved in various industrial and commercial projects. The degree of involvement by the Corporation in these categories of projects ranges from prospecting and promotion to preliminary feasibility studies.

1.3 Gander Development Corporation Board of Directors and Staff:

The original officers of the Gander Development Corporation were: Mr. A.J. Lewington, Mr. C.R. Rowsell, Mr. D.B. Sheppard, and Mr. P.J. Duggan. The Board of Directors was subsequently expanded in 1978 to include Mr. Don Blackmore, Mr. Lloyd Walters, and Mr. Ford Hewlett.

Fiscal year 1979-1980 saw the retirement of Mr. C.R. Rowsell as President of the Corporation and Chairman of the Board of Directors. Also during this past fiscal year, Mr.

Lloyd Walters resigned from the Board of Directors for medical reasons.

In June 1979, Mr. Reginald K. Milley was appointed Executive Director of the Corporation succeeding Mr. E. Gordon Rodgers who had been hired by the Corporation through an Executive Interchange Agreement with the Federal Government. Mr. Rodgers returned to the Federal Government service. Other staff hired during this past fiscal year include Mr. Gerald M.C. Burton, Senior Development Officer; and Ms. Judy Rowell, Special Project Officer.

Mr. Burton is a permanent employee while Ms. Rowell was hired under a contract with the Department of Regional Economic Expansion to collect and collate the data required for the production of a statistical profile on Gander. Ms. Jacqueline Collins is the Corporation's Office Manager and Secretary.

2. Projects of the Gander Development Corporation Fiscal Year 1979 - 80

During this past fiscal year, the projects pursued by the Corporation can be divided into two categories - those of a primary nature and those of a secondary nature.

2.1 Primary Activities of the Corporation:

2.1.1 Gander Subsidiary Agreement:

For several years there have been repeated representations to Government from several groups in Gander, in particular the Town Council and the Gander Development Corporation, for improvements in the municipal and industrial infrastructure available in the community. The thrust of the arguments presented was always that the present limitations constituted constraint to area development.

The most commonly cited needs were for further development of industrial land and an access road to this industrial land from the Gander Bay Road and the Trans Canada Highway. In this regard, the Gander Development Corporation was requested by the Intergovernmental Affairs Secretariat

to articulate a comprehensive proposal with appropriate justification for submission to the Department of Regional Economic Expansion. This proposal would be included in the Provincial Government's submission to D.R.E.E. for an Industrial Development Subsidiary Agreement.

The draft proposal was prepared and copies were forwarded to the Minister of Industrial Development, to the Town of Gander and to the Intergovernmental Affairs Secretariat.

The response received from all parties was extremely favourable and it was decided by all groups that the items contained in the draft proposal would be included in the Province's submission to the Federal Department of Regional Economic Expansion.

The principal items contained in the proposal were for the development of a 470.7 acre (190.4 hectares) industrial park adjacent to the International Airport; and an access road linking the proposed industrial park to the Gander Bay Road and the Trans Canada Highway.

In concert with the major projects, a number of other projects were identified in the proposal.

One of these items was for the establishment of a Gander Industrial Commission to systematically promote economic, commercial and industrial development with emphasis on attracting industry to the new industrial park.

Ideally, this Commission would have some staff including a Park Manager and have a Board of Directors comprised of representatives from the Gander Development Corporation, the Town, the Chamber of Commerce, the Provincial Government and the Federal Government.

The land for the industrial park is to be acquired from Transport Canada. Staff of the Gander Development Corporation have recently completed negotiations with Transport Canada as to the terms of the lease arrangement between these two bodies. The length of this lease arrangement is fifty (50) years.

To date, the Corporation has received some twelve (12) expressions of interest from various firms. These expressions of interest range from firms involved in warehousing and cool/cold storage to firms wishing to

establish a facility to do light to medium manufacturing and fabrication. To meet these expressions of interest, a total of 50 to 60 acres of developed land is required and these firms have indicated that the total number of people employed would be in the order of 140 to 150.

It is anticipated that during fiscal year 1980-81 some of these tenants will be able to locate in the industrial park.

2.1.2 Air Freighting Fresh Fish from Gander International Airport:

A feasibility study to determine the potential for air freighting fresh fish out of Newfoundland via Gander International Airport was conducted under a contract with the Federal Department of Fisheries and Oceans and a report was presented in August, 1979.

Conclusions from the report indicate that three (3) problem areas exist. First, a lack of containerized rates; second, extremely poor scheduling by the air carriers re. freight movement; and third, an absence of cool/cold storage. If solutions to all three problem areas are not implemented simultaneously, the project will not be feasible in that fish will continue to be shipped from Gander by air in the same

small quantities and by the same suppliers as at present. However, with the involvement of one major processing firm in such a venture, the problem areas would, in all probability, be addressed and dealt with so that the project may move along.

Since completion of the study, this Corporation has continued to expand the information base and now has on file excellent material on market contacts in Canada, the United States and Europe.

In an effort to initiate this project, contact has been made with many of our fish processors to gauge their interest. High freight rates have been mentioned as the major stumbling block. However, at this time, we do have an aggressive young company, with packaging materials on order, which is expected to commence trial shipments this spring. These will initially be small quantities going into a major Canadian city. Later, as some expertise is developed in the marketing of fresh fish, these people anticipate increasing their quantities and going into both the United States and European markets.

Another stumbling block exists in the fact that most local processors are able to sell all the products they now have in a frozen state and do not wish to become involved with the increased problems associated with the handling of a fresh product. However, if it could be effectively demonstrated to these processors that such an undertaking would be lucrative, it is generally felt that they would become involved in the production of a fresh fish product.

The staff of the Gander Development Corporation have also held preliminary discussions with an individual interested in providing a dedicated air carrier for the transport of fresh fish to North American and European markets. One of the major problem areas existing in this venture is obtaining an adequate back-haul to supplement the air freight cost of the fish. This problem is currently being addressed by the staff of the Gander Development Corporation, who are actively trying to determine products that could be back-hauled by this carrier from various North

American and European centres.

This project will, in all probability, continue to be an ongoing one of the Gander Development Corporation.

2.1.3 Duty Free Shop:

In an effort to promote use of and to assist in the development and expansion of the services and facilities at Gander International Airport, the Gander Development Corporation conducted a study into the possibility of the Gander Development Corporation operating an expanded supermarket type Duty Free Shop at Gander International Airport. The report was completed and perused by the members of the Board of Directors in November of 1979.

The purpose of the Duty Free Shop Study was to provide the Gander Development Corporation with an analysis of facilities required and the factors pertinent to the feasible operation of a Duty Free Shop. The analysis was accompanied by detailed recommendations concerning existing facilities and a forecast of future requirements contingent upon an increase in air traffic.

The analysis and recommendations were confined to tne outlet and warehousing facilities related directly to:

(1) The purchasing, storage, display, promotion and pricing of consumer products to be offered for sale in a Duty Free Shop.

(2) The type of sales and warehousing facilities existing and required in support of plans to expand current airport space and aircraft traffic.

For the analysis of the type of outlet required, the study indicated:

(1) The size of the outlet with an emphasis on the feasibility of such an outlet given the amount of traffic that currently exists.

(2) The size of the outlet with an emphasis on the feasibility of such an outlet given the amount of traffic that is forecast and anticipated by the Gander Development Corporation.

(3) The types of merchandise to be carried.

(4) The methods of inventory control and the approximate dollar value of such inventory directly related to the size of the outlet.

(5) The promotional techniques to be applied both from the standpoint of initial advertising and subsequent advertising both "on site" and "off site".

(6) The selection of staff and the total staff requirement based on anticipated hours of operation; and

(7) Legal implications, etc. pertinent to the import of products for resale.

In an effort to obtain the information required to complete the study, a survey was conducted of existing Duty Free Shop facilities throughout the world, as well as a survey of the countries which currently have aircraft landing at Gander.

After reviewing the major components involved in attracting airline business to Gander, which is the major goal of the Gander Development Corporation, it was evident that the single most important factor was that of aviation fuel availability and price. That is, if Gander International Airport had an abundance of fuel at competitive world prices, aircraft landings would increase in proportion to this availability.

After perusal of the study by the Board of Directors, it was decided that the incentive offered by a Duty Free Shop has decreased to the extent that private enterprise can adequately meet the requirement and therefore, the Gander Development Corporation need not get involved in the operation of such a facility.

Subsequently, Transport Canada inquired as to any suggestions or recommendations that the Corporation could make re. increasing the amount of business currently being conducted by the Duty Free Shop. In this regard, suggestions were offered as to the percentages of the sales

being paid to Transport Canada decreasing with increasing sales as opposed to the way it is currently with the percentage increasing as sales increase; relocation of the Duty Free Shop from the mezzanine floor to the first floor level; and utilization of a cash register capable of performing currency exchanges. It is planned to implement these recommendations in the upcoming tender call re. the operation of the Duty Free Shop at Gander International Airport.

2.2 Other Activities of the Corporation during Fiscal Year 1979/1980:

2.2.1 Air Related Activities:

2.2.1.1 Aviation Fuel:

In a discussion paper prepared by the Gander Development Corporation, the very real concern of the precarious position of Gander International Airport in relation to the future, uninterrupted supply of jet fuel at fair and competitive prices was expressed.

Early in this fiscal year the aviation fuel supply companies operating at Gander International Airport could not provide the aviation fuel required by various airline companies such as Aeroflot, Czechoslovakia, Airlift, etc.

Unlike other Canadian airports which operate with mainly regular domestic and/or scheduled international flights through bilateral agreements, Gander International Airport relies heavily on direct marketing to attract technical stop "customers". Fuel at competitive world prices is the prime technical requirement for these stops. It can therefore be readily understood that unless

Gander's position and requirements are clearly enunciated and priorized, the threat of a fuel shortage is very real in that the fuel companies may limit the fuel supply to only those companies where contract agreements exist.

Alternate fuel supplies may well be necessary to permit orderly planned growth and to enable Gander International Airport to reach its full potential.

In this regard, the Gander Development Corporation received a formal request by the Russian airline, Aeroflot, to store Russian fuel at Gander for their own use. If implemented, this action could conceivably double the current East Bloc countries usage of Gander within a three to five year time frame. Simultaneously, this would release ten to fifteen million gallons of western fuel to other airlines.

In relation to this, a request, on behalf of the Gander Development Corporation, from Mr. Leo Barry, Minister of Industrial Development, was made to the Federal Department of Energy, Mines and Resources asking for their assistance in obtaining an early positive response to the Soviet request to store Russian fuel at Gander from the appropriate

federal government departments and agencies. The Department of Energy, Mines and Resources had no objections to the proposal and the officials of that Department coordinated a response with other Federal Government departments and agencies. In general, comments received form these departments and agencies were of a positive nature with the proviso that such approval would not adversely affect Canadian fuel suppliers in the future.

Aeroflot were informed of the Federal Government's decision and are currently holding discussions with a local firm as to the provision of the infrastructure required for storage and the enplaning of the aviation fuel.

Subsequent to this approval, Aeroflot have entered into an agreement with the Shannon Airport Authority, Aer Rianta, and will be permitted to store and supply their own fuel at Shannon. In relation to this, Aeroflot have committed themselves to an approximate uplift of three million (3,000,000) gallons of fuel this year amounting to about three hundred (300) flights at Shannon. The agreement between Aeroflot and Aer Rianta will, no doubt, reduce

the number of Aeroflot flights landing at Gander in the upcoming year. Hence, the Gander Development Corporation will be encouraging and re-emphasizing the importance of international marketing for the airport.

International civil aviation is highly competitive, particularly amongst the Atlantic periphery airports, i.e. Shannon, Ireland; Gander, Newfoundland; and Bangor, Maine, and the market is forever changing, reflecting various international situations. It is essential that standards at Gander are maintained at the highest level, and also ensure close contact with the market in order to react to the changing situations.

2.2.1.2 Area Control Centre:

The Air Traffic Services building has been completed at a cost of some six million dollars($6,000,000), and is currently partially occupied by training staff. Some of the equipment is now being installed, and movement of the operation unit is scheduled for April 1981.

2.2.1.3 Terminal Building:

Completion of Phase II of the terminal building renovations is now well underway, and a contract has recently been let for a new flight kitchen. Completion of the terminal projects in total will, in all probability, be a long drawn out affair primarily due to financial constraints. It is essential we maintain close attention to the progress to ensure the facilities meet the market requirements.

2.2.1.4 Navigational Facilities:

An Instrument Landing System (ILS) has been installed on Runway 13. The Corporation is now pressing to ensure a back-course for Runway 31 is developed with this facility, as terminal radar approach (EGCA) will be terminated when the new ILS facility is commissioned.

2.2.1.5 Seafood Concession:

Although previous efforts have been made to get a seafood concession outlet at the International Airport, these have all ended in failure.

According to Transport Canada, tenders were called but no solid proposals were received. Despite this

setback, the Gander Development Corporation have now proceeded to gather as much information as possible on both the potential, and the equipment and space requirements necessary for such a facility. The outlets at both Halifax and St. John's have been visited, in this regard.

Recent discussions with Transport Canada have revealed that they plan once again to call tenders for this concession in the hope that this time somebody will come forward with a concrete proposal and the outlet will get into operation.

The Gander Development Corporation has developed a new marketing concept for such a facility, and in regard to this, have held discussions with various individuals and firms who could be interested in establishing such a facility. Once in operation, such a facility would be another enticement for the International Airport, with obvious spin-off benefits.

2.2.1.6 Task Force on Airport Management:

The Task Force on Airport Management (also known as the Hagglund Report) was created in March 1978, to examine the feasibility of implementing a new management structure for Canada's principal airports. Gander International Airport is being considered as one of these principal airports. This new management structure would transfer to the local level, a maximum of decision making powers on the operation and future development of these airports. The need for a new management structure is related to the objective of making principal airport management more responsive to regional and local concerns and, at the same time, improving overall managerial effectiveness and efficiency.

The scope of the Task Force Study was restricted to an examination of the commercial aspects of airport operations, i.e. that part of airport operations that does not include air navigation services and air safety regulations.

For the five feasible management options examined, it was assumed that all day to day airport operations would

be controlled locally and the national headquarters component would control system integrity and capital development. The five feasible options ranked by comparing the potential of each to achieve the objectives of the Task Force are:

(1) Airport Commission

(2) Crown Corporation

(3) A Modified Public Service Operation

(4) Municipal Option

(5) Privatization

Only the Airport Commission and the Crown Corporation options provide for local participation in an executive (as opposed to advisory) role, and only in these two can meaningful local financial incentives be created.

The Gander Development Corporation, upon receiving the progress report of the Task Force on Airport Management, coordinated a meeting with the Municipal Government and all firms, agencies and organizations that were to be directly affected by the implementation of a new management concept at Gander.

The result of this coordinated effort was that the Gander Development Corporation prepared a letter on behalf of all groups present, for the Mayor's signature, which was subsequently sent to the Task Force. The letter prepared stated "as with any proposal or recommendation for massive changes, many areas will need careful examination and detailed analyses by an implementation team prior to changeover, and subsequent to that, a reasonable trial period before finalizing of system decisions - particularly in the financial area."

"In the specific case of Gander International Airport, a more thorough analysis is required of both direct and indirect costs and benefits derived, before an accurate evaluation can be given to current and future capital requirements. Such an examination would, of necessity, include the socio-economic impact on Gander and its surrounding area of such a massive change in the hierarchy of airport management."

A local airport commission appears to be the most feasible of those options identified by the Task Force for Gander.

The letter also raised several areas of concern felt by those who would be most affected by such a change. It was requested that these areas of concern be addressed by the implementation team prior to implementing any new management system at Gander International Airport.

The need for improvement and/or change at Canada's principal airports is recognized. Gander International Airport cannot affort not to be part of this new look.

2.2.2 Secondary Development Projects:

2.2.2.1 Potential Associated with Offshore Oil and Gas Exploration and Development:

In this past fiscal year, oil and exploration companies spent some 186 million dollars ($186,000,000) on offshore exploration. With these ever increasing offshore activities, the importance of air facilities and services to the oil and gas industry must be recognized. The central Newfoundland location of Gander and its excellent international airport facility and services combine to give Gander a distinct advantage in serving as a centre for transportation and communications for the offshore oil and gas industry.

In this regard, and in an effort to lure some of this business to Gander, the Corporation participated in various oil and gas related projects during this fiscal year.

Included amongst these projects was a visitation to the Oil and Gas Conference and Exhibition held at Houston, Texas. The Corporation participated as a

co-exhibitor under the umbrella of the Department of Industrial Development with a graphic presentation outlining services available to the offshore oil and gas industry in Gander.

Apart from doing normal promotion at the exhibition, such as distributing brochures, answering queries, etc., on Gander, the representative attending on behalf of the Corporation obtained a "hands-on" view of the tremendous scope of the offshore oil and gas industry and made many significant contacts with the decision makers of the oil and gas industry.

A representative of the Corporation also made an industrial prospecting trip to Calgary, Alberta. The purpose of this trip was to provde oil companies, and companies involved in oil related activities, with pertinent information concerning the advantages of locating in Gander, if these firms were planning to do business in Newfoundland and Labrador.

Also during this fiscal year, the Corporation sponsored a very successful offshore resources seminar in April.

The speakers and their topics for this seminar were as follows:

(1) Mr. Jim Dinnes, Depute Development Officer, Northeast Scottish Development Authority, Aberdeen, Scotland.

TOPIC: Development Potentials and Impacts Associated with Offshore Oil and Gas Exploration and Production.

(2) Mr. Dan Nolan, Operations Manager, South-eastern Commonwealth Drilling Company Limited, St. John's, Newfoundland.

TOPIC: An International Offshore Service Company - Its Role and Its Needs.

(3) Mr. Ford Hewlett, President, The Hewlett Group of Companies, Springdale, Newfoundland.

TOPIC: Business Potentials Related to Offshore Resources As Seen From A Local Business Perspective.

(4) Mr. Peter Furlong, Manager, Offshore Services Unit, Department of Industrial Development, Province of Newfoundland.

TOPIC: The Current and Proposed Status of Offshore Operations and the Relevancy of Newfoundland's Oil and Gas Regulations to Those Operations.

The luncheon speaker was Mr. Harold Snyder, President, C-CORE, who spoke on research related to offshore oil and gas exploration in ice infested and deep waters.

The seminar was attended by approximately one hundred (100) delegates from various categories of industry and from all parts of the Province.

A direct mail campaign was also carried out during this fiscal year. The information package in the mail-out contained pertinent information for companies involved in oil and gas related activities. The firms on the mailing list to receive this information package were located in Aberdeen, Scotland; Houston, Texas; and Calgary, Alberta. It is hoped that this type of promotional activity will keep the name of Gander in the minds of those people currently making decisions on locations to capitalize on

the new oil and gas opportunities in Newfoundland and Labrador.

In the industrial development industry, this type of promotional activity and development prospecting is extremely important, as the minute you stop "knocking" at an executive's door, there is someone else behind you waiting. Therefore, the decision maker is going to be continually bombarded by area developers and the most persistent person is the one that the decision maker will hopefully remember. From exising information, a minimum of ten (10) contacts are required before it is instilled in an executive or decision maker that you are actually serious and he becomes aware of your area.

2.2.2.2 Tire Retreading Project:

The tire retreading industry all across North America is characterized by a large number of relatively small firms, and very few, if any, really large firms. The potential for the establishment of a tire retreading facility in Gander appears very good.

Being located on the Trans Canada Highway, thereby having access to most of the trucks travelling back and forth across the island, and being relatively close to pulpwood harvesting operations with their large mobile machinery, Gander would have access to a significant number of tires to enable a small retreading operation to be kept at near or full capacity year round. It is also possible that aircraft tires could be retreaded provided, of course, the necessary quality control requirements were met.

In light of this potential, information on various processes for retreading has been obtained. From our search, it appears that the best process, certainly the one preferred for the retreading of truck tires, is a cold process known as the "Bandag" process. As this is a franchise operation, and a Newfoundland firm currently has the franchise for the Province, the establishment of a facility in Gander using this process would have to be done through this particular company. In this regard, preliminary discussions have been

held with the firm.

Due to the number of landings at Gander International Airport continually increasing, the retreading of aircraft tires are of particular interest. The question as to whether or not a facility could be established in Gander to service the whole Atlantic region has already been raised. Correspondence has been entered into with companies involved in the retreading of aircraft tires in Quebec and Ontario in the hope that with their cooperation, we can determine whether or not it is realistic to have such a facility establish in Gander.

Our research, to date, has encouraged us to be optimistic about the feasibility of such an operation for Gander, and consideration is currently being given to conducting a more thorough investigation of the market areas and the process involved in aircraft tire retreading during the coming fiscal year.

2.2.2.3 Casket Manufacturing:

Ongoing research is being conducted into the feasibility of establishing a casket manufacturing and

associated wood turning plant in the Gander area. As only one Newfoundland casket manufacturer, whose production is considerably below demand, currently exists, the potential for such a facility appears to be tremendous.

Discussions were held with a local individual who expressed a sincere interest in getting into this type of operation. Unfortunately, after checking into the economics of such an undertaking and visiting an existing casket manufacturing facility in Ontario, the individual concerned, concluded that, at this point in time, projected return on investment is not adequate to justify making the commitment that would be required both in terms of time and capital.

The project, however, is still ongoing and it is anticipated that in the near future, a casket manufacturing facility, in concert with the production of various other products made from wood, will be established in the Gander area.

2.2.2.4 Seminars:

As part of an ongoing service to the business community of Gander, and as a means by which to draw relevant business people into Gander from the surrounding areas, the Gander Development Corporation has become involved in a number of seminars over the past year.

As has been previously mentioned, the Corporation sponsored an offshore resources seminar in April. This seminar was attended by approximately one hundred (100) delegates.

In November, 1979, the Gander Development Corporation sponsored a Physical Distribution Management Workshop Seminar. Both workshop leaders and participants alike considered the event a success.

Thirty-six (36) people from various businesses and government departments and agencies took part in the sessions on Transportation, Warehousing, Inventory Control and Customer Service.

To lead these workshops, we had three individuals from each of the Physical Distribution Advisory Service and

the Atlantic Provinces Transportation Commission. Both groups were very complimentary toward the Gander Development Corporation in their comments on the seminar, considering it one of the best they had ever been involved with.

Speaker for the first day's luncheon was the Honourable Charles Brett, Minister of Transportation and Communications. The Honourable Hazel Newhook, Minister of Consumer Affairs and Environment, and MHA for Gander was also in attendance. For the second luncheon, Canon George Earle with his usual wit and humor, was guest speaker.

Finally in February, 1980, the Gander Development Corporation co-sponsored with the Federal Business Development Bank, a seminar on the subject of Cash Flow Budgeting.

The Corporation feels that such involvements are very worthwhile, and that exposure to new management techniques can help the Gander business community become more competitive.

2.2.2.5 Break-Bulk Opportunities:

Newfoundland has had very little development in the area of consumer packaging due to its relatively small population base and its distance from major markets. For most consumer items, the Province provides no form of value added, and products are merely brought into the Province in final form from producers in the large Canadian centers.

With Government financial incentives readily available for manufacturing and processing, interest in production for the local market is growing. With this knowledge, the Gander Development Corporation has undertaken an investigation into the potential of breaking bulk on certain food items and has concluded that some opportunities do exist.

With the assistance of the Department of Industry, Trade and Commerce, contact has been made with a firm in Ontario involved in the packaging of certain food items which conceivably could be packaged in Newfoundland. The

President of this particular company agreed that the Newfoundland market has great potential and that a packaging plant is warranted. He further informed us that his company could conceivably be interested in setting up such a facility if financial incentives were sufficient. In this regard, estimates on square footage of space that would be required and the amount of necessary capital investment have been calculated. We are optimistic that a small packaging faciltiy will materialize in the very near future from these efforts.

A second break-bulk project currently being assessed is one involving the core samples currently being taken during the exploratory drilling stage for offshore oil and gas. Once these samples have been extracted from the sea-bed, they are taken to a company for division into smaller units which can then be either sent to laboratories for testing, or sent to partners in a particular drilling operation. This work is currently being done by a company in Calgary, Alberta and the feasibility of setting up a

similar operation providing this service is currently ongoing and will require further research during this coming fiscal year.

2.2.2.6 Electronic Components:

In an effort to promote increased air cargo activity through Gander, research has been conducted into the various aspects of the electronics industry in the hope that some components, which could conceivably be manufactured or at least assembled in this area, for shipment to markets elsewhere could be identified. It is generally agreed that such products could fairly easily absorb the higher freight rates which necessarily apply to the air mode of transport versus other modes.

One product of particular interest, due to its great demand and limited supply on the world market, is silicon chips. These are used in the production of computers and computer type products such as T.V. games, etc. In this regard, contact has been made with a number of electronics manufacturers to obtain further information

on the manufacturing process and to gauge their interest, if any, in having production take place in Gander.

Through these contacts, it has been confirmed that indeed there is a very large demand for these units, however, one problem which surfaced related to the process for producing them. Apparently, the existing process is becoming somewhat obsolete and companies are hesitant to make new capital investment in plant capacity until such time as a new process has been fine tuned. The new process is expected to drastically reduce the selling price of the finished products. Consequently, though the potential here appears to be excellent, it does seem that the realization of anything concrete in the form of a plant or other facility would be several years down the road.

2.2.2.7 Alternate Sources of Energy:

Research is being conducted into the identification of alternate forms of energy. This research has centered around utilizing the peat bogs surrounding Gander as an

alternate source of energy, as well as investigating a product called "Woodex".

The latter is a product derived from a patented process applied to Biomass and is considered to hold excellent potential especially for large commercial/ industrial users, for example pulp and paper mills. The raw material used in this process includes sawdust, peat, bark, burnt over wood areas, etc. However, due to the quantities of the raw materials required, the establishment of a production facility in Newfoundland would require the cooperation of both industry and government.

Other than its use in the production of Woodex, peat itself can be harvested and processed for use as a fuel. With the very large deposits in the Gander area, peat will continue to be a product of interest to us in the future as technology for harvesting advances to the point where a real opportunity for development exists. We are also anxious to see the results of the experiment on peat being conducted by Memorial University in the Grand Falls-Bishop Falls area.

2.2.2.8 Fish Packaging/Freezing Facility for Gander:

The concept is to have a small plant with packing, plate freezing, cool storage and cold storage capabilities located near the airport. Fresh, skinless, boned fillets would be procured from various plants in the surrounding area, trucked, in bulk, to this facility, and properly packed for shipment by air to markets demanding a fresh product. Fillets would be rigidly graded, and anything less than top quality will be plate frozen and put in cold storage.

This idea has been discussed in detail with the Department of Industrial Development and it is expected that some of their engineering people will be putting together some preliminary cost estimates on equipment required, the building itself, etc. It should be pointed out here that many issues are still outstanding on this project, not the least of which are organization and ownership of such a venture. However, these problems and others will undoubtedly arise in the course of the research and will be dealt with as required.

2.2.3 Promotional Material:

Funding was sought and given to the Corporation by the Department of Regional Economic Expansion for research associated with the production of a comprehensive profile on Gander and the surrounding area. Ms. Judy Rowell was hired on a contractual basis for a four (4) month period to collect and collate the required data. Ms. Rowell's salary and travel expenses were paid by D.R.E.E. to a maximum of $5,600.00. D.R.E.E. also agreed to provide funding for the printing of the profile.

In concert with this project, a Community Fact Sheet was prepared which is to be used for wholesale distribution, while copies of the profile will only be forwarded to serious enquiries and perspective clients for the new industrial park.

Also prepared during the last fiscal year was an offshore oil and gas supplement which was distributed at the "Offshore Resources Seminar" sponsored by the Corporation.

This supplement is also used as the promotional literature on Gander available from the Newfoundland and Labrador stand at various offshore oil and gas exhibitions and conferences.

A stick on decal with the caption "Gander is TOPS" (TOPS meaning Trans Oceanic Plane Stops) was also produced and made available to national and international travellers and flight crews.

2.2.4 General:

In addition to the projects described above, the Corporation has established and is maintaining direct lines of communication with the airport management, the Federal, Provincial and Municipal Governments, as well as private enterprise. The result is an interchange of expertise and ideas that is advantageous to all those concerned.

During the past fiscal year, the Corporation has conducted two direct mail campaigns. One of these campaigns has already been described under the oil and gas section.

The second of these mailouts was to various companies in Norway involved in the manufacturing of fish processing equipment, fishing boats and other fisheries related items.

The purpose of this direct mailout was to try and ascertain companies which may be considering expansion into Newfoundland directly or, are prepared to enter into joint venture or licencing agreements with existing Newfoundland companies and/or entrepreneurs. This project will be carried over into the new fiscal year for additional research, etc.

In addition, the Corporation was directly involved with the procurement of land on Transport Canada property be used as a site for construction of an office building by the Crosbie Group of Companies. It is anticipated that this building will contain some 50 - 70,000 square feet of space. The Corporation became involved upon learning that representatives of the Crosbie Group of Companies had been in Gander meeting with Town Officials and could not locate a

suitable piece of property.

The Corporation was also instrumental in attracting the interest of the Lehndorff Group of Companies in Gander with a view to the construction of a 250 - 300 room hotel with full conference facilities.

A local entrepreneur, Mr. Jerry White, also expressed a considerable amount of interest in constructing a hotel in Gander with conference facilities capable of handling up to 1,000 delegates attending any conference or seminar.

It is hoped that one, if not both, of these projects will mature to the construction phase during the coming fiscal year.

The Corporation was also directly involved in persuading Central and Eastern Trust Company to establish an office in Gander, as opposed to another central Newfoundland location. The Corporation was also directly involved in the procurement of three thousand (3,000) square feet of office space for this firm. The fact that Central and Eastern Trust

Company is here, indicates this firm's confidence in Gander's future growth.

The Corporation also gave letters of support, and performed the required research necessary to provide such support, for the Town of Botwood in their quest to acquire improved port facilities; to the Hewlett Group of Companies who plan to operate a supply base from Carmanville, and to Gander Aviation for the upgrading of their taxiway. We are very pleased that two out of these three have been implemented, and it appears extremely favourable that the third will also be given a go ahead.

Assistance was also provided to the Town of Glenwood and the Town of Lewisporte in the form of advice and researched information to assist them in some ongoing projects, as well as projects that both communities wish to initiate.

3. Financial Statement:

The budget approved by Treasury Board for the Gander Development Corporation for the fiscal year 1979-1980 was $150,000.00

A financial statement, prepared by our accountants, is provided as a separate document, and an audited statement from the Auditor General's office is expected in due course.

4. Outlook for Fiscal Year 1980-1981:

The Gander Development Corporation will endeavour to maintain direct lines of communication with the airport management, the Federal, Provincial and Municipal Governments, as well as private enterprises so that the established interchange of expertise and ideas may continue.

Gander's beginning is tied directly to the aviation industry, and the international airport is still, and will remain, a mainstay of the Town. The Gander Development Corporation is, however, striving to diversify the economic base of the Town of Gander and hopefully alleviate some of the dependency of the Town on the International Airport.

The main elements in this diversification are the establishment of a 470.7 acre industrial park and an access road to that park.

The land for this industrial park is being acquired by the Gander Development Corporation from Transport Canada on a long term lease basis and funding for this first phase development of 100 acres is hoped to be forthcoming from a

Department of Regional Economic Expansion Subsidiary Agreement.

Fiscal year 1979-80 was a very rewarding and successful year for the Gander Development Corporation, in that many seeds were sown, the benefits of which will be reaped during the coming years.

Items such as the production of the Community Data Sheet, the Gander Profile, a Study on the Feasibility of Flying Fresh Fish from Gander in large and consistent quantities, sponsoring seminars on Offshore Resources and Physical Distribution, preparing Gander's submission for inclusion in the Federal/Provincial Subsidiary Agreement on industrial development, as well as participating in marketing tours which contributed to an increase in aircraft landings of approximately 10% over 1978.

The major goal of the Gander Development Corporation for fiscal year 1980-81 will be to have the industrial park and the access road become a reality. With this taking place, we will hopefully be successful in attracting some air related tenants to the park which

translates into increased landings for the airport.

The Gander Development Corporation has received a significant number of inquiries and expressions of interest which indicates a high growth potential and overall confidence in Gander's future.

Gander is definitely a "growth centre", and all indications point to the continuation of this trend.